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#### ARTICLES:

- (1) Anti-terror Law: Government makes decision to extend it for the third time and continue MSDF's maritime supplying activities

MAINICHI (Page 1) (Excerpt)  
Eve., October 6, 2006

The government this morning held a cabinet meeting to approve an amendment to the Anti-Terror Special Measures Law allowing a one-year extension. This would be the third extension of the law since it was passed, and it will allow the Maritime Self-Defense Force to continue its supplying activities in the Indian Ocean that it started in 2001. The MSDF will enter a sixth year of providing such services. The government and ruling parties plan to have the Diet pass the bill quickly, but the opposition camp, including the

Democratic Party of Japan (Minshuto) remains opposed.

(2) Whether government's intelligence function is strengthened depends on prime minister's "determination"

SANKEI (Page 5) (Full)  
October 5, 2006

The Abe administration needs to strengthen the government's intelligence function. Before it stands a mountain of challenges, such as strengthening the intelligence-gathering system for the Prime Minister's Official Residence (Kantei), creating a foreign intelligence agency, and establishing a legal system to protect intelligence. Such systems have already been completely set up in the United States, Europe, South Korea, and other democratic countries. To what extent Japan will be able to introduce these functions hinges on Prime Minister Shinzo Abe's "determination."

"If Japan had prepared a satisfactory intelligence function in the postwar period, a large number of Japanese nationals would never have been abducted," said Chief Researcher Katsuhisa Furukawa of the Research Institute of Science and Technology for Society.

The National Police Agency and the Public Security Intelligence Agency are engaged in gathering intelligence pertaining to domestic security. When it comes to overseas intelligence, however, the government's analysis system is quite poor. The Cabinet Information Research Office was set up in September 1952 under the lead of Taketora Ogata, who was chief editor and a close aide to Prime Minister Shigeru Yoshida. Although more than 50 years have passed since then, the Cabinet Intelligence and Research Office (CIRO), its successor, is still understaffed. Although CIRO is regarded as the Japanese counterpart of the CIA (US Central Intelligence Agency) and

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the MI 16 (Military Intelligence, section 6) of Britain, the office has yet to be labeled as a full-fledged operation.

Under such a situation, as a senior Liberal Democratic Party official said, "Since Japan was hardly able to obtain intelligence on its own on whether Iraq had weapons of mass destruction," it had no choice but to trust the US" on the occasion of war initiated against Iraq. When Japanese nationals were taken hostage by terrorists in Iraq, Japan remained unable to collect information or to take measures in an effective way. Naturally, Japan has no way of knowing what policy China and North Korea are mapping out toward Japan.

There are two types of foreign intelligence: confidential and open intelligence. Confidential intelligence includes: (1) imagery intelligence taken by spy satellites or aircraft; (2) signal intelligence obtained by intercepting radio or other transmissions; and (3) intelligence received from humans. In the case of Japan, the Defense Agency has collected intelligence through three information-gathering satellites, but what is lacking most is human intelligence.

Japan has yet to establish a satisfactory system to accurately analyze the intelligence collected by the Foreign Ministry, CIRO, the Defense Agency, and the National Police Agency and to provide such information to the nerve center of the government, including the prime minister and the chief cabinet secretary in the form of data or briefings.

The Cabinet Information Conference holds a meeting only twice or so a year. The deputy chief cabinet secretaries preside over a joint information conference with bureau director-level government officials twice a month. Even in such meetings, government agencies try to sequester their most valuable information and provide it directly to the prime minister or the chief cabinet secretary in an attempt to score points. This is a typical evil effect of the factious bureaucracy. The prime minister and the chief cabinet secretary are also not eager to ask for necessary information for

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policymaking.

National Institute of Informatics Professor Hajime (or Gen?) Kitaoka said: "The Kantei should have staff specialized in assessing and analyzing intelligence, like Britain, and be given authority to access to important information kept by other government agencies. It is necessary to scrap the vertically organized system of administration." Kitaoka served as General Management Division director in the Foreign Ministry's Intelligence and Analysis Bureau and later General Administrative Division director in the Cabinet Satellite Information Center.

It is said that it would take at least 10 years to prepare even primary equipment for a foreign intelligence agency. Based on the view that personnel are the key to this task, former CIRO head Yoshio Omori said: "It is necessary to foster personnel and also to establish a school to train them."

(3) FTA: Rising mood for resuming talks with South Korea, possibly before year's end following summit meeting

NIHON KEIZAI (Page 2) (Slightly abridged)  
October 6, 2006

A mood for resuming the suspended talks to sign a free trade

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agreement (FTA) with South Korea is rising prior to Prime Minister Shinzo Abe's visits to China and South Korea. A plan has emerged to include a statement of both countries' intention to accelerate FTA talks in an agreement to be reached at the upcoming bilateral summit meeting on the 9th. Some observers see talks resuming late this year, at the earliest, once coordination of views of concerned government agencies gets underway.

A senior Japanese Foreign Ministry official involved in FTA talks with South Korea yesterday indicated he was pinning hopes on a political decision by President Roh Moo Hyun, noting, "I hope the Korean side will return to the negotiating table at the upcoming summit meeting."

Prime Minister Junichiro Koizumi and President Roh Moo Hyun agreed to aim at reaching a general agreement before the end of 2005 when they met in October 2003.

Though both countries started talks in December 2003, no working-level meeting has been held since November 2004. South Korea, which imports a great deal of mined and manufactured products from Japan, wants to correct the trade imbalance between the two countries by reducing deficits with Japan through aggressive exports of agricultural products. It is urging Japan to further open its markets, making it a condition for Japan to liberalize 90% of its agricultural sector. Japan is reluctant to meet this request, arguing that such conditions for resuming talks should not be set. It continues to remain at odds with South Korea over liberalizing the agricultural area.

Some, however, take the view that the real reason for suspending the talks was the political factor of strained bilateral relations due to Prime Minister Koizumi's visits to Yasukuni Shrine, according to one informed source connected to Japan-South Korea relations. Deputy Prime Minister and Minister of Finance and Economy Kwon O-kyu, who is in charge of South Korea's economic policy, during a recent interview with the Nihon Keizai Shimbun said, "Given the size of trade and investment between Japan and South Korea, I would like to resume FTA talks with Japan before the end of the year."

South Korea is currently promoting FTA talks with the US. It is also expected to enter into FTA talks with the European Union (EU) in the near future. It plans to launch industry-academic-government studies with China with the aim of launching FTA talks.

Japan is the ROK's largest investment partner, following the US, and the third largest trade partner, following China and the US. Some Japanese observers think that South Korea may have reached a judgment that it would be advantageous to resume the FTA talks with Japan at an early date, as a senior official of the Foreign Ministry

put it. Quiet coordination of views is proceeding ahead of the upcoming bilateral summit meeting.

(4) Restart of Japan's relations with China and with South Korea  
(Part 2): Urgent need for resolving pending issues

YOMIURI (Page 1) (Full)  
October 6, 2006

It is unprecedented for a Japanese prime minister to set an extremely tight schedule for his first overseas trip.

Prime Minister Shinzo Abe will arrive in Beijing at around noon

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tomorrow. On the afternoon, he will attend a welcoming ceremony at a square in front of the Great Hall of the People and meet with separately President Hu Jintao, Prime Minister Wen Jiabao, and Standing Committee of the National People's Congress Chairman Wu Bangguo. He is then expected to attend a dinner party hosted by President Hu.

Staying overnight there, Abe will leave for Seoul next morning. He will meet in the afternoon with President Roh Moo Hyun. He will then hold a press conference. After attending a dinner party hosted by Roh, Abe will hurryingly return home that night.

Abe's tight diplomatic schedule demonstrates that the main purpose of his trips to Beijing and Seoul is to resume summit diplomacy with the top leaders of China and South Korea. The summits were suspended during the Koizumi government. Abe regards his meetings with Hu and Roh as a political and diplomatic message. He does not necessarily place weight on reaching agreements with them.

If Abe can gain a foothold for rebuilding Japan's relations with China and South Korea, it can be said that his visits to Beijing and Seoul are successful. He, however, should not be happy with "mere" summitry. Abe's major challenge is to break away from the kind of relationships with China and South Korea in which much energy is spent on the issue of prime ministerial visits to Yasukuni Shrine.

There remain many pending issues between Japan and China and between Japan and South Korea. The tug-of-war between Tokyo and Beijing and between Tokyo and Seoul has intensified over such aspects of their respective national interests as territorial claims and marine resources.

A touch-and-go situation has continued between Japan and China over exploration of undersea gas reserves in the East China Sea because China is now ready to produce gas from the Shirakaba (Chunxiao in Chinese) field located near the median line between Japan and China, and Japan meanwhile has started preparations for test drilling in an area closer to the Japanese territorial waters than to the medial line between the two countries. There are no prospects to terminate the vicious cycle that a confrontation between Tokyo and Seoul intensifies every time there is an ocean current survey near the disputed Takeshima/Dokdo islets, located in waters where the exclusive economic zones claimed by Japan and South Korea overlap.

The Chinese government has toughened its control over Japanese products, announcing that it has discovered harmful substances in frozen mackerel pikes, soybean paste, soybean oil and cosmetics imported from Japan. The dominant view in Japan is that this is China's retaliation against Japan, which has tightened its regulations on residual pesticides that have resulted in Chinese products exported to Japan drastically declining. It is also urgent to deal with cross-border environmental problems, including yellow sand (loess) being carried in the currents from China, which allegedly causes damage to human health. Some have noted that Japan's diplomacy toward China and South Korea tends to swing between being resentful toward China and South Korea or being apologetic toward those countries. It is crystal clear that such extremes in diplomacy cannot resolve issues.

Whether the Abe administration will be able to pave the way for a new diplomacy toward China and South Korea is unclear, as it seeks

to break away from the postwar regime and mover toward a more active stance.

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